

Message Text

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40

ACTION EB-07

INFO OCT-01 EUR-12 EA-06 NEA-09 IO-10 ISO-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-02 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-01 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00

OMB-01 AF-06 ARA-06 /125 W
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P R 121700Z MAR 75

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 1322

INFO AMEMBASSY CANBERRA

AMEMBASSY LONDON

AMEMBASSY NEW DELHI

AMEMBASSY OTTAWA

AMEMBASSY TOKYO

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EO 11652: N/A

TAGS: GATT AS

SUBJ: GATT COUNCIL MEETING MARCH 24 - TEXTILES

REF: (A) GENEVA 0713; (B) GENEVA 0856; (C) GENEVA 1681; (D) GENEVA
1480

1. PRESENCE ITEM "AUSTRALIAN TQ ON TEXTILES" (PARA 4 REF (C)) ON
AGENDA MARCH 24 COUNCIL MEETING IS CARRY-OVER FROM DISCUSSION
ISSUE AT LAST COUNCIL MEETING (REF (A), PARA 13 AND REF (B) PARA 5).

2. AUSTRALIA'S SUBSEQUENT (AND APPARENTLY CONTINUING) ACTIONS
EXPANDING COVERAGE TEXTILE PRODUCTS UNDER TQ'S AND PLACING OTHER
NON-TEXTILE IMPORTS UNDER TQ, MAKES PROBLEM ONE OF SIGNIFICANTLY
BROADER SCOPE IN GATT CONTEXT. EXPORTS OF LARGE NUMBER CP'S
ARE NOW THREATENED BY GOA ACTIONS AND, WHILE TARIFFS LARGE
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MAJORITY ITEMS SUBJECT TQ'S ARE NOT BOUND (AND PROBABLY "LEGAL" IN

GATT TERMS), IT IS CLEAR THAT GOA TRADE POLICY DIRECTION IS NOTHING OTHER THAN AN AFFRONT TO THE PRINCIPLES AND OBJECTIVES OF THE GATT AND THAT MANY CP'S AFFECTED WOULD WISH A THOROUGH AIRING OF PROBLEM IN THE GATT. AS INDICATED PARA 11, REF (C), MISSION RECOMMENDS U.S. TAKE INITIATIVE IN ASKING FOR WORKING PARTY ON GENERAL GOA TRADE POLICY WHICH WILL PROVIDE OPPORTUNITY FOR EXAMINATION TEXTILE TQ'S AS WELL AS THOSE BEING APPLIED OTHER PRODUCTS.

3. AT SAME TIME, IN LIGHT PROBABILITY THAT GOA WILL SOON HAVE ALL LISTS TEXTILE IMPORTS UNDER TQ'S, THERE IS NO LONGER ANY REASON FOR TEXTILES SURVEILLANCE BODY (TSB) AVOID CONFRONTATION WITH GOA IN HOPE THAT GATT EXAMINATION WOULD DETER GOA FROM FURTHER STEPS IN TEXTILES. TSB HAD DECIDED INFORMALLY ON MARCH 5 TO PURSUE COURSE OUTLINED PARA 3 REF (D) AS BEST HOPE DETERRING GOA FROM FURTHER ACTIONS WHILE AT SAME TIME AVOIDING GOA WALKOUT ON MFA. TSB REPS LEARNED, HOWEVER, ON MARCH 6 THAT GOA HAD TAKEN ADDITIONAL ACTIONS EFFECTIVE MARCH 1. IN INFORMAL CONSULTATIONS AMONG MEMBERS SINCE THAT DATE A CONSENSUS HAS EMERGED THAT MFA MEMBERS AND TSB NOW HAVE NO CHOICE OTHER THAN TO ATTACK GOA TEXTILE ACTIONS AS BEING TANTAMOUNT TO REJECTION BY GOA OF ITS OBLIGATIONS UNDER MFA; THIS TO BE DONE IN PARALLEL WITH WHATEVER ACTION MAY DEVELOP IN THE GATT.

4. THERE IS TO BE AN INFORMAL MEETING OF ALL TSB MEMBERS AND ALTERNATES LATE AFTERNOON MARCH 13, WHERE FOLLOWING COURSE ACTION WILL BE DISCUSSED AND PROBABLY APPROVED: A) CERTAIN MFA PARTICIPATING COUNTRIES WILL INVOKE PARA 2 OF MFA ART. 9 ASKING AUSTRALIA TO CONSULT UNDER ART. 9. (HONG KONG HAS ALREADY INVOKED THIS ART. AND GOA, WHILE AGREEING TO CONSULT, WOULD NOT AGREE CONSULT UNDER MFA AT ALL.); B) GOA WILL UNDOUBTEDLY GIVE SAME RESPONSE TO OTHER PARTICIPANTS; C) IN THIS EVENT, PARTICIPANTS WILL THEN MOVE TO INVOCATION PARA 3 OF ART. 9 WHICH WILL PUT ISSUE BEFORE TSB WHICH CAN THEN WITH OR WITHOUT GOA PARTICIPATION MAKE CRITICAL REPORT TO TEXTILES COMMITTEE (MEETING SCHEDULED APRIL 22-25) WHICH WILL IN ALL PROBABLY ADOPT TSB FINDINGS, WHICH ACTION, COULD PROVOKE GOA WALKOUT.

5. REGRETTABLY, FOREGOING SEEMS ONLY RECOURSE LEFT WHICH WILL LIMITED OFFICIAL USE

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PROTECT INTEGRITY OF MFA AND TSB. TSB REP RECOMMENDS THAT U.S. GIVE IMMEDIATE CONSIDERATION TO INVOCATION PARA 2 MFA ART. 9 AND, IF DECISION IS AFFIRMATIVE, INSTRUCT TSB REP TO WORK FOR CONCLUSION OUTLINED PARA 4 ABOVE.

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